

COASTAL CONSERVANCY

Staff Recommendation

April 27, 2006

BRYANT PROPERTY ACQUISITION LOS CERRITOS WETLANDS

File No. 98-015

Project Manager: Mary Small, Trish Chapman

RECOMMENDED ACTION: Consideration and possible Conservancy approval of acquisition of a portion of the Bryant property in the City of Long Beach, County of Los Angeles for the purpose of the Los Cerritos Wetlands Acquisition Project authorized by the Conservancy on June 25, 2001.

LOCATION: City of Long Beach, Los Angeles County (Exhibit 1)

PROGRAM CATEGORY: Resource Enhancement and Public Access

EXHIBITS

Exhibit 1: Project Location

Exhibit 2: Acquisition Area

Exhibit 3: Conservancy June 25, 2001 Authorization

Exhibit 4: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Sections 31251-31270 of the Public Resources Code:

“The State Coastal Conservancy approves acquisition of approximately 68 acres of property (portions of Los Angeles County Assessor Parcel Numbers 7237-020-006 and 7237-020-007), commonly known as the “Bryant Property”, and as more particularly described in the accompanying staff recommendation, to implement its June 25, 2001 authorization for the Los Cerritos Wetlands Acquisition Project, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the Executive Officer of the Conservancy (“Executive Officer”) shall review and approve all title and acquisition documents including but not limited to the appraisal, agreement of purchase and sale, environmental assessments, escrow instructions and documents of title pertaining to the acquisition.

2. The property shall be acquired for no more than fair market value as established by an appraisal approved by the Executive Officer.
3. The property shall be permanently protected for public access, open space and habitat preservation and wetland restoration, in a manner acceptable to the Executive Officer and consistent with Public Resources Code Section 31116(b).
4. No Conservancy funds shall be disbursed for this acquisition unless and until the Executive Officer determines that Signal Hill Petroleum has agreed to indemnify the Conservancy and the Los Cerritos Wetlands Authority from liability for any existing or future contamination of the property from oil operations.

The Conservancy further authorizes the Executive Officer to enter into agreements necessary to carry out the project as described in the accompanying staff recommendation, including but not limited to agreements with The Trust for Public Land, Signal Hill Petroleum and the Sellers to carry out the purchase and sale of the property.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The acquisition of the Bryant property for the purposes of public access, open space and habitat preservation and wetland restoration remains consistent with the purposes and criteria of Chapter 6 of the Division 21 of the Public Resources Code (Sections 31251-31270) regarding enhancement of coastal resources, as determined in its June 25, 2001 authorization.
2. The proposed project remains consistent with the Conservancy’s Project Selection Criteria and Guidelines as determined in its June 25, 2001 authorization.
3. The proposed acquisition includes a 1:1 match of the Conservancy funds with non state funds.”

PROJECT SUMMARY:

Staff recommends that the Conservancy approve the acquisition of approximately 68 acres of property commonly known as the “Bryant Property” to implement the Conservancy’s June 25, 2001 authorization for the Los Cerritos Wetlands Acquisition Project (Exhibit 3). Staff also recommends that the Conservancy authorize its Executive Officer to enter into agreements necessary to carry out the acquisition including but not limited to agreements with The Trust for Public Land, Signal Hill Petroleum and the Sellers to carry out the purchase and sale of the property.

The Conservancy’s June 25, 2001 authorization included disbursement of up to \$11,200,000 to Trust for Public Land for the acquisition of properties within the Los Cerritos Wetlands complex and costs associated with accomplishing the acquisitions (Exhibit 3). That authorization was subject to the condition that the Conservancy approve the specific property interest to be acquired.

As shown on Exhibit 2, the Bryant Property includes approximately 87 acres on both sides of the San Gabriel River. The proposed acquisition would include 25 acres west of the San Gabriel River, approximately 26 acres under the river (subject to a flood easement) and 17 acres east of the river. The acquisition area represents approximately two thirds of the land owned by the Seller, plus all of the acreage subject to the flood easement. As part of the final purchase and sale agreement, the Seller will also grant access easements across the retained parcel to the portion of the Bryant Property which is the subject of this authorization.

It is anticipated that the Los Cerritos Wetlands Authority ("Authority") will take title to the Bryant Property and will own it during the restoration planning and implementation. The Authority reviewed the proposed acquisition at its April 7, 2006 meeting and will consider final approval of the acquisition at a subsequent meeting.

Signal Hill Petroleum (SHP) will purchase the mineral rights to the Bryant Property, will take over the existing mineral lease and will be granted specific easements to access and operate the oil wells. The Bryant Property has been leased for oil and natural gas extraction since 1953 and the current lessee is Chevron Texaco. SHP will assume all forward liability, including both general liability and environmental liability for on-going oil operations on the Bryant Property and indemnify the Conservancy, the Authority and the Trust for Public Land from the same. Subject to due diligence review, SHP will negotiate a disposition of environmental liability for past oil operations with Chevron. Such disposition of historic environmental liability will include indemnifying the Conservancy, the Authority and TPL from such liability.

Additionally, SHP and the Authority will enter into a mutually agreed and definitive Surface Use Release and Grant Easement Agreement ("SURGE Agreement") that will define the rights and limitations of the use of the surface of the Bryant Property for oil operations. It is anticipated that the oil operations will be limited to specific areas of the Bryant Property, designated by easement, including access easements, exclusive use easements, joint use and pipeline and utility easements. SHP will maintain some roads within the property to access the oil wells and the public will be allowed access on these roads.

The proposed acquisition area includes all of the twelve oil wells on the Bryant Property. Although no restoration plan has been completed, it is expected that the ongoing operation of these wells is compatible with the long-term goals of public access, wetland and habitat restoration. As described above, oil operations will be contained to specific areas, including roads, the wells and pipelines. The SURGE Agreement will include provisions for relocation of oil infrastructure if needed to accommodate the restoration. Several conceptual restoration plans have been developed for Los Cerritos Wetlands which suggest that it would be possible to enhance wetland habitat on this property while maintaining the oil operation. While a longterm restoration plan is developed, it is anticipated that interim site access and stewardship activities will be implemented to allow the public to access the Bryant Property and to enhance and protect existing resources of the site.

Site Description: The 87-acre Bryant Property is part of the Los Cerritos Wetlands complex located along the lower reach of the San Gabriel River, where the river mouth historically migrated back and forth across the coastal plain. Prior to channelization of the river, the Los

Cerritos Wetlands complex included freshwater and brackish wetlands in its inland areas and salt marsh closer to the ocean. The size and configuration of the wetlands were subject to occasional major changes when the river channel migrated during flood events. An aerial photo taken in 1927 shows the wetlands covering approximately 1,500 acres. Today, approximately 400 acres of degraded wetland and surrounding open space remain. The majority of the remaining wetlands complex falls on three privately-owned properties referred to as the Bixby, Bryant and Hellman properties (Exhibit 1).

The Bryant Property is located in the City of Long Beach, south of Westminster Avenue and east of Studebaker Road. The San Gabriel River bisects the property leaving 36 acres west of the river and 23 acres to the east. The proposed project would acquire 25 acres west of the river, 17 acres east of the river, the entire 26 acre river corridor, including approximately one half mile of the San Gabriel River Bike Trail.

The property has been an active oil field for several decades and currently contains twelve active oil wells and associated pipelines, roads, and buildings. Surrounding land uses include oil production in several locations, a power plant to the north, and a mix of commercial, residential and industrial uses to the south and east.

The historic wetlands on the property have been filled and degraded, primarily due to the oil production activities. Approximately 3 acres of wetlands remain on the easterly parcel, and 9 acres on the westerly parcel. Although the Los Cerritos Wetlands are surrounded by urban development and have been dramatically altered, they provide valuable habitat to a number of species. Eighty-nine bird species have been recorded using the area, including forty-eight water-associated bird species. Salt marsh fish species can be found in the tidally-influenced, channelized drainages. Special status species occurring in the Los Cerritos Wetlands include Belding's Savannah sparrow, California least tern, Loggerhead shrike, Western snowy plover, California gull, Cooper's hawk, Elegant tern, Long-billed curlew, Northern harrier, Osprey, Southern California rufus-crowned sparrow, and Yellow warbler.

Project History: The historic and existing wetlands in the Los Cerritos complex have been sought by public agencies and environmentalists for habitat protection and restoration for over twenty years. A complete history would fill many pages. Suffice to say that the Board of Governors of the Southern California Wetland Recovery Project has identified acquisition of these properties as a top priority.

Over the past several years, numerous efforts to acquire these properties have failed. In June 1999, the Conservancy entered into an option to purchase 181 acres of the Bixby property. The option was contingent upon the seller's ability to obtain permits consolidating oil operations; when that permit was denied the option expired. However in the past year there has been significant progress in the negotiations for acquisition of both the Hellman and Bryant properties.

In June 2001, the Conservancy approved Los Cerritos Wetlands Enhancement Plan and authorized the disbursement of up to \$11,200,000 to the Trust for Public Land for the acquisition of property in the Los Cerritos Wetlands Complex (Exhibit 3). The Trust for Public Land has been negotiating with the Sellers, the Bryant Family, for acquisition of the property for several years. An appraisal of the property has been completed and approved by the property owner and the Conservancy. A wetland delineation has been completed. The parties have agreed to the acquisi-

tion terms as described in this staff report, including the price for the 68 acres, disposition of the existing oil operations and associated environmental liability.

In February 2006, the Conservancy approved the formation of the Los Cerritos Wetlands Authority, a Joint Powers Authority, to coordinate the efforts of all parties involved in the various acquisition and restoration planning efforts, establish an entity willing and able to take title to properties as they are acquired, and develop the capacity of that entity and participating agencies to manage and plan for restoration of the properties. The Authority held its first meeting on April 7, 2006 and expects to consider final approval of this project in early May.

PROJECT FINANCING:

Coastal Conservancy	\$7,000,000
Signal Hill Petroleum	\$3,000,000
Landowner Donation	<u>\$4,000,000</u>
Total Project Cost	\$14,000,000

The proposed project will be funded with a FY 2000/01 appropriation to the Conservancy from the General Fund for Los Cerritos Wetlands Acquisition or Restoration. The authorized funding came from a line item appropriation from the General Fund. In June 2004, \$4,000,000 of the funds reverted to the General Fund to help solve the state budget crisis. The \$7,000,000 balance remains available for acquisition of property within the Los Cerritos Wetlands Complex, but these funds must be expended by June 30, 2006. This appropriation requires a dollar for dollar match from a non-State source. The match requirement is met by the Sellers' bargain sale valued at \$4,000,000 and the Signal Hill Petroleum's purchase of mineral rights valued at \$3,000,000.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 6 of the Conservancy's enabling legislation (California Public Resources Code, Section 31251-31270).

The Bryant Property is being acquired as part of a comprehensive program to acquire from willing sellers and restore as much of the Los Cerritos Wetlands complex as possible. Acquisition of the Bryant Property will help to achieve the purposes set forth in Section 31251, including to assemble parcels of land which have suffered a loss of natural and scenic values to improve resource management and to relocate improperly located or designed improvements and take other corrective measures to enhance the area's natural and scenic character. The acquisition of the Bryant Property remains consistent with the discussion of the Conservancy's enabling legislation contained in its June 25, 2001 authorization.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 4 Objective A**, the proposed project will acquire 68 acres for open space and habitat preservation in urban Long Beach.

Consistent with **Goal 5 Objective A**, the proposed project will result in the preservation of approximately 42 acres of coastal lands, including approximately 10 acres of coastal wetlands and 26 acres of river corridor.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project remains consistent with the discussion of the Conservancy's Project Selection Criteria and Guidelines contained in the Conservancy's June 25, 2001 authorization (Exhibit 3).

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The project remains consistent with Local Coastal Program Policies as described in the Conservancy's June 25, 2001 authorization (Exhibit 3).

COMPLIANCE WITH CEQA:

The project is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) because it involves the acquisition of land for wildlife conservation purposes (14 Ca. Code of Regulations Section 15313) and to preserve existing natural conditions as well as to allow restoration of natural conditions of land for wildlife conservation purposes (14 Ca. Code of Regulations Section 15325). Interim site management and access improvements will be limited to minor alterations of land and vegetation that do not impact healthy, mature, scenic trees are categorically exempt under 14 CCR Section 15304. Staff will file a Notice of Exemption upon approval of the project.